

*Twenty-Sixth  
Annual Report*

NEW CALUMET MINES  
LIMITED

(No Personal Liability)



*For the Year Ended  
September 30th, 1968*



# NEW CALUMET MINES LIMITED

*(No Personal Liability)*

## Head Office

Room 303, 355 St. James Street West, Montreal, Quebec

## Executive Office

360 Bay Street, Toronto, Ontario

## Mine Office

Calumet Island P.O., Quebec

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## OFFICERS

C. J. CUNNINGHAM-DUNLOP  
President

D. D. THOMSON  
Vice-President

P. K. CUNNINGHAM-DUNLOP  
Vice-President

CHARLES C. D. PRINGLE  
Secretary-Treasurer

## DIRECTORS

C. J. Cunningham-Dunlop, P.Eng., Weston, Ontario

D. S. McCann, P.Eng., Thornbury, Ontario

D. D. Thomson, B.Comm., Montreal, Quebec

J. D. Hackett, Montreal, Quebec

P. K. Cunningham-Dunlop, P.Eng., Wilmington, Delaware

## Mine Manager

C. J. CUNNINGHAM-DUNLOP

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## Transfer Agent and Registrar

CANADA PERMANENT TRUST COMPANY

625 Dorchester Blvd. West  
Montreal

1901 Yonge Street  
Toronto

400 Burrard Street  
Vancouver

## Auditors

ALLEN, MILES, FOX  
& JOHNSTON  
Toronto

## Solicitors

HACKETT & DRUMMOND  
Montreal

## Bankers

CANADIAN IMPERIAL BANK OF COMMERCE  
THE BANK OF NOVA SCOTIA



# NEW CALUMET MINES LIMITED

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*Please insert the following immediately after the fourth paragraph  
in the Report of Directors on page 3 of the Annual Report:*

No new ore disclosures were made during the year and, in January, the mine was placed on a salvage basis. That is to say, all exploration and development ceased, and the best of the known ore was mined at lowered costs. By the end of the fiscal year, the decision was taken to terminate production at the end of October, 1968. Although 300,000 tons of ore remain in the mine, its scattered nature, and the ever increasing costs of operating the mine, preclude further profitable production at present metal prices.

Several months will be needed to bring all valuable equipment and supplies up from underground. The plant will be kept intact for a time, pending a decision on its final disposition.

A report has just been made on the mine property by an independent consulting geologist, and it holds out considerable hope for the discovery of new orebodies at considerable depth, if some venturesome drilling is done.

Outside exploration work continued on the three groups of claims in which your Company is involved in the Gaspé region of Quebec.



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# NEW CALUMET MINES LIMITED

(No Personal Liability)

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## *Report of the Directors*

To the Shareholders,  
NEW CALUMET MINES LIMITED.  
(No Personal Liability)

Your Directors submit herewith the Twenty-Sixth Annual Report of your Company, covering the year ended September 30, 1968, together with the Financial Statements for the year, the Auditors' Report thereon, its supporting documents and the Report of the General Superintendent.

The lead and zinc concentrates were sold to smelters in the United States throughout the year. The price of zinc remained unchanged at 13½¢ per pound, but the price of lead fell from 14¢ to 12½¢ per pound during the twelve month period. The price received for silver, however, rose from \$1.70 to \$2.47 per ounce and fell back to \$2.23 per ounce at the fiscal year end.

The lead smelter was on strike from June, 1967, until April, 1968, during which time the lead concentrate was stockpiled at the mine. This had the effect of holding back the silver for the higher prices at the year end.

The accompanying Statement of Operations shows a net loss of \$14,645 for the year, after writing off \$128,015 for Deferred Development and \$18,197 of Outside Exploration Expense. The actual cash flow is shown by the Statement of Source and Application of Funds, which shows an increase in working capital of \$114,136.

On the largest group, in Deslandes Township, shared with Cyprus Mines Corporation and Belcher Mining Corporation Limited, a diamond drilling program was completed to follow up the results of prospecting and geophysical surveys. A discovery of massive sulphides containing zinc, lead, silver and copper, had been made, associated with strong geochemical and induced polarization anomalies. Six holes tested this structure, but only low values were obtained. However, the more promising claims will be held for a time, as the mineralized zone may not have been drilled in the most favourable rock horizon, nor close enough to the Tabletop granite contact.

New Calumet held 50 claims adjoining east of the large group mentioned above. The anomalous zone extends into this group and was tested with one diamond drill hole. The results were negative, but a few claims of this group will be retained for a time.

The third property in Gaspé is in Boisbuisson Township, and was optioned jointly with Conwest Exploration Company Limited. To follow up the results of prospecting and surveys in 1967, a limited diamond drilling program was done in 1968 to test two low-grade copper zones. The drilling showed the geological conditions to be very complex, although no significant values were found. Conwest subsequently dropped out of the option agreement, and New Calumet renewed the agreement on its own behalf. Induced polarization surveys, possibly followed up with more drilling, are being considered for next season.

An option was taken on a 20-claim property in Mann Township, Ontario, northeast of Timmins. Previous work has shown an extensive anomaly and drilling returned low copper values. Your Company is committed to a \$2,000 expenditure for geophysical work this winter, and may, at its option, conduct further work, gaining up to a maximum 80% interest.

New Calumet has an interest in Beauchastel Copper Mines Limited, which holds a well-located group of claims in the Noranda Area of Quebec. This, along with six adjoining properties, was under option to Kennco Explorations (Canada) Limited. Kennco concentrated most of its efforts on the Beauchastel ground, with geological studies and two deep drill holes. The option was dropped by Kennco in September, 1968. The property contains several copper showings and is considered to have good potential at depth.

A résumé of all your outside properties follows this report.

Your Directors agree that your Company's efforts should now be directed to a careful search for a new orebody, by exploration or by participation in established situations, and with consideration being given to further work on the mine property on Calumet Island. The Company is liquid financially, is listed on the Toronto and Canadian Stock Exchanges, and with 2,000,000 shares still in its treasury, is in good shape for refinancing to bring a new orebody into production.

The efforts and loyal support of your staff and employees during the year are greatly appreciated.

On Behalf of the Board,

C. J. CUNNINGHAM-DUNLOP,  
President.

Toronto, Ontario,  
December 12, 1968.

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## RÉSUMÉ OF OUTSIDE PROPERTIES

Following is a summary of the work done and the status of the properties in which New Calumet participates, outside of its main holdings on Calumet Island, Quebec.

### A. WHOLLY-OWNED MINING CLAIMS

1. Gowan, Prosser and Tully Townships, Ontario: The Company owns a 160 acre half-lot in Gowan Township, a 75% interest in a 160 acre half-lot in Prosser Township, and 12 claims in Tully Township. This ground was acquired following the Texas Gulf Sulphur discovery in Kidd Township. The properties have been covered by electromagnetic and magnetic surveys, and some diamond drilling has been done. The two half-lots may be retained for some time, as the annual taxes are low. No further work is planned on the 12 claims.
2. Methuen Township, Ontario: Seven unpatented claims are held covering a potential trap rock quarry near Peterborough, Ontario, on the Canadian Pacific Railway. Diamond drilling was done three years ago to provide assessment work and to obtain samples for test purposes. Your Company has no immediate plans for this property.
3. Deslandes Township, Gaspé, Quebec: In 1967, a 50-claim group was purchased which adjoins east of the 79-claim group in which New Calumet participates with Cyprus Mines Corporation and Belcher Mining Corporation Limited. In 1967 the claims were covered by an airborne magnetic survey, or induced polarization ground survey, and geochemical work. Intensive I.P. anomalies and copper values in the soil were found on the strike of a massive sulphide discovery on the 79-claim group. One diamond drill hole tested the anomalies, but no significant mineralization was found. 8 claims are being retained, covering the anomalous area.

### B. JOINTLY-OWNED MINING CLAIMS

1. Daniel Township, Quebec: This is known as the Bosada property, and is comprised of fifty claims located midway between Mattagami Lake Mines and New Hosco Mines. New Calumet owns a 71.0% interest, Osisko Lake Mines owns a 16.71% interest and Consolidated Professor Mines owns a 9.70% interest. From 1958 to 1964, the claims were subjected to geophysics and diamond drilling, some by Phelps Dodge Corporation, who held the claims under option for a time. Significant zinc values were obtained in some of the drill holes. Some areas of the property have been only partially explored to date. No work was done this year.
2. Tonnancourt Township, Quebec: 28 claims were staked in 1968, and are held jointly by New Calumet and Westfield Minerals Limited. The ground was staked following reports of an important sulphide discovery on a nearby property. No work is planned on these claims.

### C. MINING CLAIMS UNDER OPTION

1. Pelham Gold Mines Limited, Kenora Mining Division, Ontario: New Calumet holds under option the seventeen patented claims of this Company near Washiebemaga Lake, southeast of Dryden. Numerous small but high-grade gold showings are present on the property. Your Company did some surface prospecting in 1964 and it was proposed to carry out detailed geological mapping and possibly diamond drilling. This work has not yet been done.
2. Boisbuisson Township, Gaspé, Quebec: In 1967, an option was taken jointly with another mining company, on a 20-claim group covering part of the east contact of the Tabletop granite intrusive, a short distance east of the Madeleine Mines property, which lies on the west contact. The claims contain several showings of low-grade disseminated copper mineralization in fractures cutting the altered sediments and volcanics near the granite intrusive. There is a marked similarity with the original surface showings on the Madeleine property, soon going into production. In 1967, the claims were explored by prospecting, bulldozing and geological, geochemical and geophysical surveys. In 1968, five diamond drill holes tested the best-looking indications with inconclusive results. The structure appears to be much more complex than

previously assumed. The other mining company relinquished its option and New Calumet has renewed the option on its own behalf. 7 claims have been lost as a result of a boundary dispute. Induced polarization surveys and further drilling are being considered for 1969.

3. Mann Township, Ontario: An option was taken on 28 claims northeast of the Texas Gulf Sulphur mine in Kidd Township. The claims cover an extensive electromagnetic anomaly which has been partially drilled with resulting low copper values. Your Company plans to confirm the anomaly and consider further drilling. The option was granted in return for a firm commitment by your Company to spend \$2,000 on exploration work, to gain a 6% interest. A further 2% interest will be gained for each additional \$1,000 spent, up to a maximum of 80%, at your Company's option. Work will commence this winter after the swamps become passable by snowmobile.

#### **D. SUBSIDIARY MINING COMPANIES**

1. Tetagouche Exploration Company Limited: New Calumet owns 72.3% of the issued shares of this Company, and Belcher Mining Corporation Limited owns the remaining 27.7%. Tetagouche has holdings in the Bathurst Area of New Brunswick and in the Gaspé Area of Quebec.

The Bathurst Area holdings are twenty claims containing a narrow, but persistent, ore grade zinc-lead-copper-silver-gold deposit. The occurrence has been extensively tested by diamond drilling and metallurgical work, and a reappraisal has been recommended in view of the smelter now in the area and current metal prices. No work was done on the property this year.

The Gaspé holdings consist of 79 claims in Deslandes Township (remaining out of an original group of 95 claims). The group is 81% owned by Cyprus Mines Corporation, 14% by Tetagouche and 5% by the staker. The claims cover an extensive length of the east contact of the Tabletop granite intrusive. A feature of this intrusive is an aureole of alteration at least half a mile wide, in the surrounding sediments and volcanics. Copper mineralization commonly occurs in fracture zones within the aureole, including the Madeleine orebody. Prospecting, soil sampling, airborne geophysics and induced polarization surveys over a three-year period resulted in the discovery of massive sulphides of lead, zinc, copper and silver in a strong persistent fracture zone, marked by intensive I.P. and geochemical anomalies. The zone is at least 3,200 feet long, and extends southeastward into the 8 claims wholly-owned by your Company. In the fall of 1968, the zone was tested with 6 diamond drill holes. Only low values in lead, zinc, copper and silver were intersected, the mineralization being mostly pyrite. However, it is thought that the zone may not have been intersected where it cuts the most favourable rock type, nor close enough to the granite contact. Consideration is being given to further drilling next season. Lumbering operations have provided much better access to the property over the past year.

#### **E. ASSOCIATED MINING COMPANIES**

1. Consolidated Professor Mines Limited: New Calumet owns 7.8% of the issued shares of this Company which holds a large block of ground adjoining the south boundary of the Glen Lake-Hiho Silver interests in the Cobalt Area. Surface and underground work has resulted in the discovery of many small silver-bearing veins. The results of the exploration work on the neighbouring property are being followed closely, particularly with respect to the lower diabase contact. This contact has not yet been investigated on the Professor ground, but Hiho is obtaining fine silver ore from this horizon, not far from the Professor north boundary.
2. Beauchastel Copper Mines Limited: New Calumet holds 11.2% of the issued shares of this Company which owns a 563-acre property in the Noranda Area, Quebec. The property lies at the common corner of Beauchastel, Rouyn, Dufresnoy and Duprat Townships. It is underlain by the Amulet series of volcanic rocks, in which the known orebodies of the Waite Amulet and Lake Dufault Mines occurred. The favourable horizon on the Beauchastel Copper property lies below 1,500 feet in depth. Several surface showings of copper have received considerable attention in the past, and two small orebodies have been outlined. For the last two years, the property and six other adjoining properties, have been under option to Kennco Explorations (Canada) Limited. Kennco concentrated most of their work on the Beauchastel claims, by way of geological studies and two deep drill holes. No mineralization of interest was found, and the option was relinquished in September, 1968. The claims have sufficient assessment work credits to allow their retention for many years. Further work is warranted, but due to the depth of the favourable horizon, considerable finances are necessary. The directors of Beauchastel will continue to try to interest large mining companies in the property.

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## *Report of the General Superintendent*

The President and Directors,  
NEW CALUMET MINES LIMITED,  
(No Personal Liability)  
TORONTO, Ontario.

Gentlemen:

I submit herewith a report of the operations at your mine for the Fiscal Year, October 1, 1967 to September 30, 1968.

The mill operated 303 days at an average of 280.8 tons per day, and processed 85,095.1 tons of ore during the year. The mill did not operate on fifty-three Sundays nor on eight Statutory Holidays. Two days were lost due to mechanical difficulties.

Development work was continued on a limited scale, with a total of 404 feet of drifting, cross-cutting and raising being completed during the year. The development work was done on the 900 level and from the 2175 level of No. 4 Shaft, to open up two small ore bodies for mining.

No new ore zones were developed during the year.

Slashing in connection with the drifting, crosscutting and raising totalled 721 cubic feet.

Underground diamond drilling, to outline known ore zones and to explore for new ore, amounted to 7,426 feet. There was no surface drilling done during the year.

### SUMMARY OF DEVELOPMENT

#### Shaft Sinking and Excavation

	October 1, 1967 to September 30, 1968	Total to September 30, 1968
No. 1 Shaft .....	—	745.0 ft.
No. 2 Shaft .....	—	686.0 ft.
No. 3 Shaft .....	—	939.4 ft.
No. 4 Shaft .....	—	2,205.5 ft.
No. 5 Shaft .....	—	770.0 ft.
Stations, Sumps and Development Slashing .....	721 cu. ft.	1,146,485 cu. ft.

Drifting, Crosscutting and Raising	October 1, 1967 to September 30, 1968	Total to September 30, 1968
100 ft. level .....	—	530.5 ft.
200 ft. level .....	—	8,049.5 ft.
300 ft. level .....	—	9,927.7 ft.
400 ft. level .....	—	3,126.6 ft.
500 ft. level .....	—	6,836.4 ft.
600 ft. level .....	—	7,487.4 ft.
650 ft. level .....	—	107.0 ft.
700 ft. level .....	—	63.8 ft.
750 ft. level .....	—	4,554.4 ft.
900 ft. level .....	181 ft.	7,084.4 ft.
1050 ft. level .....	—	4,465.8 ft.
1200 ft. level .....	—	5,085.6 ft.
1350 ft. level .....	—	8,826.6 ft.
1500 ft. level .....	—	6,301.9 ft.
1675 ft. level .....	—	4,533.4 ft.
1800 ft. level .....	—	6,146.1 ft.
1925 ft. level .....	—	6,668.0 ft.
2050 ft. level .....	12 ft.	8,672.7 ft.
2175 ft. level .....	211 ft.	2,020.0 ft.
2325 ft. level .....	—	848.5 ft.
2475 ft. level .....	—	1,669.0 ft.
Totals .....	404 ft.	103,005.3 ft.

Diamond Drilling	October 1, 1967 to September 30, 1968	Total to September 30, 1968
Surface .....	—	179,722 ft.
Underground		
100 ft. level .....	—	1,053 ft.
200 ft. level .....	259 ft.	21,571 ft.
300 ft. level .....	950 ft.	19,676 ft.
400 ft. level .....	205 ft.	6,581 ft.
500 ft. level .....	461 ft.	15,982 ft.
600 ft. level .....	142 ft.	23,147 ft.
750 ft. level .....	—	11,546 ft.
900 ft. level .....	891 ft.	21,011 ft.
1050 ft. level .....	177 ft.	12,669 ft.
1200 ft. level .....	564 ft.	15,106 ft.
1350 ft. level .....	457 ft.	35,863 ft.
1500 ft. level .....	—	15,715 ft.
1675 ft. level .....	655 ft.	9,307 ft.
1800 ft. level .....	138 ft.	22,199 ft.
1925 ft. level .....	—	15,022 ft.
2050 ft. level .....	191 ft.	42,324 ft.
2175 ft. level .....	1,140 ft.	8,492 ft.
2325 ft. level .....	—	2,908 ft.
2475 ft. level .....	1,196 ft.	9,544 ft.
Total .....	7,426 ft.	489,438 ft.

## ORE RESERVES

1. There remains one year's supply of ore in the mine, which, at current metal prices and operating costs, has sufficient metal content for profitable extraction under normal mining conditions. However, as shown below, the reserves are mostly contained in stope pillars and level floors (sills). These are scattered all through the mine so that it is necessary to operate four shafts in order to maintain an adequate daily mill tonnage. Furthermore, extensive ground support measures, in the form of backfill, rock bolting and timbering are necessary to effect safe working conditions. Under the circumstances, the ore reserves will not be profitable beyond October 31, 1968.

It is entirely possible that more ore can be found within the mine workings if an extensive development and diamond drilling program is initiated. The possibilities of further major ore zones in the vicinity of the mine have not been eliminated either.

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
Unstoped Ore .....	9,796	6.35	1.79	.008	3.22
Unstoped Ore plus 10% Dilution .....	10,776	5.77	1.63	.008	2.96
Stope Pillars and Sills .....	73,576	8.19	2.59	.019	4.38
Broken Ore .....	6,462	5.23	1.65	.007	2.50
Total .....	<u>90,814</u>	<u>7.69</u>	<u>2.30</u>	<u>.017</u>	<u>4.08</u>

2. Low grade Ore which might be profitable to mine with considerably higher prices for lead and zinc, than those which prevail now:

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
	199,000	3.16	.86	.013	1.59

## SUMMARY OF MILLING

The metallurgical and production figures for the Fiscal Year were as follows:

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
Ore Treated .....	85,095.1	6.64	2.06	.019	4.18
Zinc Concentrate .....	10,144.15	52.85	.35	.009	2.62
Lead Concentrate .....	2,862.07	5.96	56.70	.406	96.44
Recovery (Percent) .....	—	94.9	92.6	72.0	77.5

26,244 tons of tailings were recovered as backfill and placed hydraulically in the stopes.

## SUMMARY OF PRODUCTION

1. Tonnage and Grade Milled

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
1944-1967 .....	3,651,250	6.05	1.69	.0191	3.62
1968 .....	85,095	6.64	2.06	.019	4.18
Total .....	<u>3,736,345</u>	<u>6.06</u>	<u>1.70</u>	<u>.0191</u>	<u>3.63</u>

	<u>Tons Broken</u>	<u>Tons Removed</u>	<u>Tons Hoisted</u>
No. 1 Shaft Stopes .....	19,492	18,760	18,760
No. 3 Shaft Stopes .....	24,905	24,379	24,379
No. 4 Shaft Stopes .....	24,589	26,658	26,658
No. 5 Shaft Stopes .....	12,436	14,676	14,676
Total Stopes .....	81,422	84,473	84,473
Development Ore .....	547	547	547
Total Ore .....	81,969	85,020	85,020
Development Waste .....	1,060	1,060	782
Total Ore and Waste .....	83,029	86,080	85,802

### 3. Metal Produced

From actual smelter settlements, in concentrate form, not refined metals:

	<u>Zinc Pounds</u>	<u>Lead Pounds</u>	<u>Gold Ounces</u>	<u>Silver Ounces</u>	<u>Copper Pounds</u>
1944-1967 .....	430,952,072.4	120,880,257.3	53,439.22	10,004,320.23	5,312,174.1
1968 .....	10,648,576.1	3,403,324.0	687.88	315,567.99	130,829.8
Total .....	441,600,648.5	124,283,581.3	54,127.10	10,319,888.22	5,442,003.9

Note: Since there is always a lag in smelter settlements the figures for metal produced cannot be reconciled with the tons of concentrate and grades shown in the Summary of Milling.

### ADDITIONS TO PLANT AND EQUIPMENT

No additions were made to plant or equipment during the Fiscal Year. All plant buildings and dwellings were kept in repair.

\* \* \* \*

On May 11, 1968, Raoul P. Romain was fatally injured by a fall of rock in 2153 Stope. Raoul was one of the best miners in the Company's employ for many years. He is sadly missed by the management and his fellows.

Respectfully submitted,

NEW CALUMET MINES LIMITED  
(No Personal Liability)

J. D. TURNER  
General Superintendent

Calumet Island, Quebec.  
December 18, 1968.

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## COMPARATIVE SUMMARY OF OPERATIONS AND FINANCIAL POSITION

Year	Tons Treated	Net Sales and Other Income	Net Profit (Loss) after Taxes and Write-Offs	Dividends Paid	Notes Paid	Net Current Assets Excluding Supplies
1944-1965 .....	3,463,124	\$37,340,265	\$4,385,869	\$3,259,888	\$1,157,311	
1966 .....	95,761	1,658,148	40,074	Nil	Nil	\$ 759,454
1967 .....	92,364	1,754,904	63,517	Nil	Nil	980,544
1968 .....	85,095	1,528,499	(14,645)	Nil	Nil	1,118,808
	<u>3,736,344</u>	<u>\$42,281,816</u>	<u>\$4,474,815</u>	<u>\$3,259,888</u>	<u>\$1,157,311</u>	

## COMPARATIVE SUMMARY OF OPERATING RESULTS EXPRESSED IN TERMS OF TONS MILLED

Year	Metal Production net	Operating Cost and Adminis- trative Expenses	Depreciation and Amortization of Deferred Develop- ment Expenses	Taxes	Interest and Discount on Notes	Sundry Credits	Final Net Profit per Ton of Ore Milled
1944-1965 (averages) ...	\$ 10.74	\$ 8.63	\$ 1.04	\$ .34	\$ .04	\$ .20	\$ .89
1966 .....	17.16	15.30	1.59	.02	Nil	.16	.41
1967 .....	18.46	15.93	2.38	Nil	Nil	.54	.69
1968 .....	17.64	16.17	1.96	Nil	Nil	.32	(.17)

## DIVIDENDS PAID TO SEPTEMBER 30, 1968

Dividend Numbers	Total per Share	Total Amount of Dividends
1-15	92½¢	\$3,259,888.85

Note: Last dividend paid on February 6, 1959, being 2¢ per share.

# NEW CALUMET MINES LIMITED

*(No Personal Liability)*

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## AUDITORS' REPORT

To the Shareholders of  
New Calumet Mines Limited (No Personal Liability)

We have examined the balance sheet of New Calumet Mines Limited (No Personal Liability) as at September 30, 1968 and the statements of operations, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the aforementioned financial statements are properly drawn up so as to exhibit a true and correct view of the state of affairs of the company as at September 30, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ALLEN, MILES, FOX & JOHNSTON,  
Chartered Accountants.

Toronto, Canada  
November 6, 1968

# NEW CALUMET MINES LIMITED

(No Personal Liability)

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## NOTES TO FINANCIAL STATEMENTS

September 30, 1968

1. Production from the company's mining operation ceased on October 31, 1968 and a further study of the property is being made with a view to evaluating its future mining prospects. Pending the results of this evaluation, no amount has been written off the cost of the mining property.

No provision has been made in the accounts for shutdown costs, estimated at \$175,000, or any loss which may be incurred on disposal of the inventory of supplies. It is expected that revenue from the sale of equipment, in the event it is sold, will be sufficient to offset any such costs or losses.

2. Subsidiary exploration companies and other mining companies, in which the company has an investment of \$352,815 and \$97,125 respectively, are still in the exploration stage. Consequently, it is impossible to determine at the present time if there will be any ultimate recovery of the company's investments therein. No provision has been made for possible losses which may eventually arise from these investments.
3. The company has granted options on 61,000 shares of its capital stock to certain employees of the company and of an associated company at a price of 50 cents per share exercisable at any time until December 31, 1969.
4. The aggregate direct remuneration paid or payable by the company to the directors and senior officers of the company was \$69,990 for the year ended September 30, 1968.

**NEW CALUMET**

(NO PERSON)

*Incorporated under the laws of the State of New York***Balance Sheet**

(with comparative figures for 1967)

Expressed in dollars

<b>ASSETS</b>		1968	1967
<b>Current Assets</b>			
Cash and short term deposits		\$ 708,333	\$ 534,190
Accounts receivable		15,307	20,782
Estimated metal settlements receivable		325,239	133,090
Concentrates awaiting shipment — at estimated settlement value		—	210,594
Marketable securities — at cost		139,364	166,600
(Quoted market value 1968 — \$103,146, 1967 — \$149,189)			
Inventory of supplies — at cost (note 1)		141,252	165,380
Prepaid expenses		9,966	18,403
		<u>1,339,461</u>	<u>1,249,039</u>
<b>Fixed Assets</b>			
Buildings, machinery and equipment — at cost		2,309,338	2,309,690
Less accumulated depreciation		2,257,907	2,237,235
		<u>51,431</u>	<u>72,455</u>
Mining property — at cost — including properties valued at \$209,985 for which 1,399,902 shares of capital stock were issued (note 1)		970,084	970,084
		<u>1,021,515</u>	<u>1,042,539</u>
<b>Other Assets and Deferred Charges</b>			
Investments in and advances to subsidiary exploration companies (note 2)			
Shareholdings — at cost		312,143	308,143
Advances and exploration expenditures		40,672	39,131
		<u>352,815</u>	<u>347,274</u>
Investments in shares of other mining companies — at cost (no quoted market values) (note 2)		97,125	120,753
Deferred outside exploration expenditures			
Joint ventures — Quebec	\$ 81,895		
Joint ventures — Ontario	5,510		
Prospecting and staking costs — Quebec	53,848		
Prospecting and staking costs — Ontario	23,564	164,817	123,410
		<u>—</u>	<u>128,015</u>
Deferred development expenditure less amounts written off		1,187	27,877
Deferred repair costs less amounts written off		425	425
Deposits		<u>616,369</u>	<u>747,754</u>
		<u>\$2,977,345</u>	<u>\$3,039,332</u>

The accompanying notes are an integral part of the financial statements.

# MINES LIMITED

ABILITY)

the Province of Quebec

September 30, 1968

September 30, 1967)

Canadian Currency

## LIABILITIES

Current Liabilities	1968	1967
Wages payable .....	\$ 20,554	\$ 20,846
Accounts payable and accrued liabilities .....	43,264	68,487
Miscellaneous taxes .....	15,583	13,782
	<u>79,401</u>	<u>103,115</u>

## SHAREHOLDERS' EQUITY

### Capital Stock

Authorized

7,000,000 shares of the par value of \$1.00 each

Issued (note 3)

4,983,656 shares

For cash ..... \$3,460,005

For mining properties and shares of subsidiary  
company ..... 1,523,651

4,983,656

Less discount on shares issued

For cash ..... 2,063,504

For mining properties ..... 1,189,917

3,253,421

1,730,235 1,730,235

Earned Surplus ..... 1,167,709 1,205,982

2,897,944 2,936,217

Approved on behalf of the Board of Directors

C. J. CUNNINGHAM-DUNLOP, Director.

D. D. THOMSON, Director.

\$2,977,345 \$3,039,332

tement and should be read in conjunction therewith.

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## STATEMENT OF OPERATIONS

For the year ended September 30, 1968  
(with comparative figures for 1967)  
Expressed in Canadian Currency

	1968		1967	
Tons of ore milled .....	85,095 tons		92,364 tons	
<b>Gross metal production</b>		Per ton ore milled		Per ton ore milled
Zinc .....	\$1,312,965	\$ 15.43	\$1,721,704	\$ 18.64
Lead .....	349,411	4.11	497,959	5.40
Gold .....	51,628	.61	41,647	.45
Silver .....	682,403	8.02	524,626	5.68
Copper .....	22,904	.27	36,485	.39
	<u>2,419,311</u>	<u>28.44</u>	<u>2,822,421</u>	<u>30.56</u>
<b>Deduct</b>				
Marketing charges .....	22,126	.26	24,466	.26
Treatment charges — zinc .....	561,822	6.60	691,297	7.48
— lead .....	56,483	.66	66,999	.73
Duty — zinc .....	67,940	.80	86,157	.93
— lead .....	24,717	.29	30,229	.33
Freight — zinc .....	101,858	1.20	120,971	1.31
— lead .....	84,018	.99	97,586	1.06
	<u>918,964</u>	<u>10.80</u>	<u>1,117,705</u>	<u>12.10</u>
Net value of metal production .....	<u>1,500,347</u>	<u>17.64</u>	<u>1,704,716</u>	<u>18.46</u>
<b>Operating and administrative costs</b>				
Development .....	30,835	.36	143,772	1.56
Mining .....	730,046	8.58	718,613	7.78
Milling .....	197,975	2.33	187,301	2.03
Assaying .....	11,582	.14	10,617	.11
Hauling concentrates .....	37,436	.44	35,250	.38
Mine office and supervision .....	88,076	1.04	97,418	1.05
Miscellaneous operating expense .....	192,210	2.26	190,309	2.07
Administrative and general expense .....	87,183	1.02	87,420	.95
Allowance for depreciation .....	21,589	.25	30,599	.33
Deferred development written off .....	128,015	1.50	122,520	1.32
	<u>1,524,947</u>	<u>17.92</u>	<u>1,623,819</u>	<u>17.58</u>
Profit (loss) on mine operations .....	<u>( 24,600)</u>	<u>\$ ( .28)</u>	<u>80,897</u>	<u>\$ .88</u>
<b>Other income</b>				
Gain on sale of marketable securities .....	6,103		25,016	
Interest earned .....	14,119		16,762	
Dividends received .....	7,930		8,410	
	<u>28,152</u>		<u>50,188</u>	
	3,552		131,085	
<b>Other deductions</b>				
Outside exploration written off .....	18,197		67,568	
Net profit (loss) for the year .....	<u>\$ ( 14,645)</u>		<u>\$ 63,517</u>	

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## STATEMENT OF EARNED SURPLUS

For the year ended September 30, 1968

(with comparative figures for 1967)

Expressed in Canadian Currency

	1968	1967
Earned surplus at beginning of year .....	\$1,205,982	\$1,166,054
Net profit (loss) for the year .....	( 14,645)	63,517
	<u>1,191,337</u>	<u>1,229,571</u>
Deduct		
Investment in another mining company written off .....	23,628	—
Investment in and advances to subsidiary exploration company written off .....	—	23,589
Earned surplus at end of year .....	<u>\$1,167,709</u>	<u>\$1,205,982</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended September 30, 1968

(with comparative figures for 1967)

	1968	1967
<b>Source of Funds</b>		
From operations		
Net profit (loss) for the year .....	\$( 14,645)	\$ 63,517
Expenses not involving an outlay of funds during the year		
Allowance for depreciation .....	21,589	30,599
Deferred development written off .....	128,015	122,520
Outside exploration written off .....	18,197	67,568
Deferred repair costs written off .....	32,829	23,240
	<u>185,985</u>	<u>307,444</u>
Deposit refunded .....	—	1,050
	<u>185,985</u>	<u>308,494</u>
<b>Application of Funds</b>		
Purchase of fixed assets .....	565	955
Purchase of additional shares of a subsidiary company .....	4,000	—
Advances to a subsidiary company .....	1,541	1,126
Investment in shares of another mining company .....	—	11,480
Deferred outside exploration expenditure .....	59,604	52,480
Deferred repair costs .....	6,139	36,988
	<u>71,849</u>	<u>103,029</u>
Increase in working capital .....	114,136	205,465
Working capital at beginning of year .....	1,145,924	940,459
Working capital at end of year .....	<u>\$1,260,060</u>	<u>\$1,145,924</u>

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## STATEMENT OF MINE OFFICE AND SUPERVISION EXPENSE

For the year ended September 30, 1968

(with comparative figures for 1967)

	1968	1967
Management and office salaries and expense .....	\$ 51,855	\$ 46,605
Engineering salaries and expense .....	17,211	29,163
Warehouse salaries and expense .....	15,518	16,803
Stationery .....	1,338	2,089
Travelling .....	165	660
Telephone and telegraph .....	1,676	1,696
Stamps and bank charges .....	313	402
	<u>\$ 88,076</u>	<u>\$ 97,418</u>

## STATEMENT OF MISCELLANEOUS OPERATING EXPENSE

For the year ended September 30, 1968

(with comparative figures for 1967)

	1968	1967
Fire protection .....	\$ 514	\$ 793
General surface expense .....	7,259	9,848
Dry house .....	16,402	16,014
Watchman and guard expense .....	10,482	9,420
Sundry .....	15,392	14,720
Heating .....	23,830	22,596
Lighting .....	1,299	3,660
Fire and other insurance .....	8,880	8,880
Workmen's compensation insurance .....	43,970	36,961
Unemployment insurance .....	7,363	7,269
Group insurance .....	14,316	14,857
Sales tax .....	4,248	3,830
Municipal taxes .....	11,373	14,439
Miscellaneous taxes .....	821	771
Retirement pension premiums .....	14,642	14,792
Quebec pension plan .....	11,528	11,890
Discounts earned .....	( 109)	( 431)
	<u>\$ 192,210</u>	<u>\$ 190,309</u>

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## INVESTMENTS AT SEPTEMBER 30, 1968

	Par Value	Cost	Quoted Market value
<b>Marketable Securities</b>			
Government of Canada 4¼ % bonds due September 1, 1972	\$ 3,000	\$ 2,767	\$ 2,767
	Number of Shares		
Alcan Aluminium Limited	500	17,550	13,812
Combined Metal Mines Limited	48,750	20,178	9,019
Dunraine Mines Limited	7,000	6,983	2,520
Fort Reliance Minerals Limited	1,000	648	840
Lake Dufault Mines Limited	2,000	29,002	13,000
Home Oil Company Limited Class B	500	13,550	14,125
Martin-McNeely Mines Limited	5,000	3,925	1,300
Noranda Mines Limited	300	15,354	16,800
Pine Point Mines Limited	300	16,820	13,088
Shell Canada Limited	500	12,587	15,875
		136,597	100,379
		<u>\$ 139,364</u>	<u>\$ 103,146</u>
<b>Subsidiary Companies (no quoted market value)</b>			Advances
Grand Calumet Mining Company Limited	1,200,000	\$ 221,296	\$ 40,672
Tetagouche Exploration Limited	191,500	90,847	—
		<u>\$ 312,143</u>	<u>\$ 40,672</u>
<b>Other Mining Companies (no quoted market value)</b>			
Beauchastel Copper Mines Limited	112,500	\$ 11,480	
Cadieux Mines Limited	100,000	129	
Consolidated Professor Mines Limited	90,000	85,516	
		<u>\$ 97,125</u>	

# NEW CALUMET MINES LIMITED

(No Personal Liability)

## SUMMARY OF SUPPLIES AND SERVICES PURCHASED DURING THE YEAR ENDED SEPTEMBER 30, 1968

### Wages and Salaries

Wages and Salaries .....	\$ 838,065	
Pension Plan (Inc. Savings Fund) .....	33,243	
Holiday Pay .....	36,359	\$ 907,667

### Supplies

Hardware .....	\$ 5,370	
Iron, Steel .....	6,239	
Tungsten Carbide Bits & Steel .....	3,329	
Grinding Balls .....	8,396	
Wire Cable .....	9,100	
Electrical Supplies .....	2,975	
Pipe, Fittings, Hose .....	3,606	
Rock Drills & Repairs .....	5,929	
Mill & Crusher Repair Parts .....	12,118	
Misc. Supplies .....	29,513	
Power (Plant Operation and Heating) .....	71,245	
Timber .....	10,059	
Explosives .....	8,844	
Chemicals .....	37,949	
Fuels, Oils, Grease, Gasoline .....	26,072	
Transportation — Concentrates .....	\$ 240,717	
Supplies .....	6,712	247,429
Engineering and Geology Supplies .....	120	
Diamond Drill Bits and Repair Parts .....	1,118	
Machinery & Equipment .....	5,076	
Building and House Repairs .....	4,270	\$ 498,757

### Taxes

Provincial Sales Tax .....	\$ 2,842	
Federal Income Tax — Employees .....	48,275	
Provincial Income Tax Employees .....	40,326	\$ 91,443





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To the Shareholders,  
NEW CALUMET MINES LIMITED  
(No Personal Liability)

SECOND QUARTER PROGRESS REPORT  
FOR THE SIX MONTHS ENDED MARCH 31st, 1968

The accompanying statements show a profit of \$84,458.01 for the first six months of the current fiscal year, before write-offs and taxes, compared with a profit of \$170,538.15 for the same period last year. After writing off \$20,021.40 of deferred development, the net profit before taxes is \$64,436.61, compared with \$120,116.91 last year.

The mine continues to operate on a salvage basis, as stated in the last quarterly report to the shareholders.

An agreement has been reached with the Union, but not yet signed, providing for a moderate increase in wages, retroactive to January 1st, 1968. Your directors appreciate the good judgment shown by the Company's employees in accepting a reasonable settlement, well below the initial demands.

The long strike (since July 15th, 1967) at the smelter, to which your Company's lead concentrates are under contract, has recently been settled, and shipments of lead concentrate have been resumed.

There has been no direct exploration activity to report other than an option having been taken on a 28-claim group in Mann Township, Ontario, 20 miles northeast of the Texas Gulf Kidd Township mine. Earlier work on these claims indicated an extensive electromagnetic anomaly and subsequent diamond drilling found low copper values. Your Company plans to confirm the anomaly and consider whether further drilling is warranted. The option was granted in return for a firm commitment by your Company to perform \$2,000 on exploration work, in return for which it will receive a 6% interest. A further 2% interest will be received for every \$1,000 spent thereafter, up to a maximum of 80%, at your Company's option.

New Calumet has an 11.2% interest in Beauchastel Copper Mines Limited, owning a 563-acre property in the Noranda Area, Quebec. This, and six adjoining properties, are under option to Kennco Explorations, (Canada) Limited, who have completed geophysical surveys and two deep drill holes on the Beauchastel ground. Although only low copper values have been found to date, Kennco will proceed with further work. The seven vendor companies have agreed to a six-months extension of time to allow Kennco to do further work before committing itself to forming a new company. New Calumet has options on Beauchastel treasury stock, which, if exercised, would increase its interest from 11.2% to 25.8%.

Your Company plans to participate with Conwest Exploration Company Limited in a drilling program on the 20-claim group in Boisbuisson Township, Gaspe, Quebec, which they have under option on a fifty-fifty basis. This program will start at the end of June to test interesting copper showings and geophysical results under geological conditions similar to those of the Wexford Mines' property, a few miles to the west.

On Behalf of the Board,

C. J. CUNNINGHAM-DUNLOP,  
President.

Toronto, Ontario.  
April 19th, 1968.



NEW CALUMET MINES LIMITED

CONDENSED UNAUDITED BALANCE SHEET  
AS AT MARCH 31, 1968

A S S E T S

Current:

Cash in banks and short term deposits	\$	175,555.50	
Accounts receivable		13,657.26	
Refundable tax		371.83	
Federal sales tax refundable		272.31	
Estimated metal settlements receivable		926,550.97	
Investment in marketable securities (with a quoted market value of \$106,866.25)		141,970.39	
Inventory of supplies		141,572.76	
Prepaid expenses		<u>41,108.59</u>	\$1,441,059.61

Fixed Assets 1,031,747.38

Other Assets 750,941.80

\$3,223,748.79

L I A B I L I T I E S

Current:

Payroll payable	\$	23,402.06	
Accounts payable		<u>199,692.97</u>	\$ 223,095.03

Capital and Earned Surplus

Capital authorized: 7,000,000 shares of \$1			
Issued: 4,983,656 shares		4,983,656.00	
Less: Discount		<u>3,253,420.45</u>	
		1,730,235.55	

Earned Surplus to Sept.30,1967	\$1,205,981.60		
Profit for 6 mos.ended Mar.31,1968	<u>64,436.61</u>	<u>1,270,418.21</u>	<u>3,000,653.76</u>

\$3,223,748.79

STATEMENT OF PROFIT AND LOSS  
FOR 6 MONTHS ENDED MARCH 31,1968  
(WITH COMPARATIVE FIGURES FOR MARCH 31,1967)

	<u>1968</u>	<u>1967</u>
Operating profit before deducting depreciation	\$ 79,407.37	\$ 170,965.12
Deduct: Depreciation	<u>10,716.20</u>	<u>15,481.62</u>
Net operating profit	<u>\$ 68,691.17</u>	<u>\$ 155,483.50</u>
Other income:		
Interest received	\$ 7,908.09	\$ 6,375.03
Dividends received	5,108.75	4,005.00
Profit on sale of securities	2,750.00	4,674.62
	<u>\$ 15,766.84</u>	<u>\$ 15,054.65</u>
Profit before write-offs and taxes	\$ 84,458.01	\$ 170,538.15
Deduct deferred development written off	<u>20,021.40</u>	<u>50,421.24</u>
	<u>\$ 64,436.61</u>	<u>\$ 120,116.91</u>



## FOURTH QUARTER PROGRESS REPORT FOR THE YEAR ENDED SEPTEMBER 30, 1968

To the Shareholders :

The accompanying statements show a profit of \$139,939.24 for the fiscal year ended September 30, 1968, before write-offs and taxes, compared with a profit of \$273,090.03 for the last fiscal year. After writing off \$127,070.78 of deferred development, the net profit before taxes is \$12,868.46, compared with \$180,569.37 last year.

Deferred development write-offs have been made over the past two years on a basis of so much per ton milled from the No. 5 Shaft ore zone. An unusually heavy write-off has been made for the fourth quarter of this fiscal year because it is now necessary to leave some of this ore, as explained in the following paragraphs.

It has been decided to cease mining and milling operations on October 31, 1968. Ever rising costs of operating the mine and exploring for more ore have brought it to the point where it will not be possible to continue profitable production. There are about 300,000 tons of low grade ore still in the mine, and there remains a possibility of finding more ore of good grade if some venturesome drilling is done.

Three or four months from now all saleable equipment will have been brought up from underground and an inventory taken.

It is the intention of your directors to keep the plant intact for a time while a new orebody is being sought. At the present time, discussions are being held with a number of other companies who own established orebodies for which New Calumet's plant is suitable.

New Calumet and Conwest Exploration Company Limited were joint optionees of a group of claims in Boisbuisson Township, Gaspé, Quebec. After some geophysical surveys and diamond drilling were completed, Conwest decided not to proceed further. However, New Calumet has renewed the option agreement as sole optionee, and further work is being planned for next summer. The property contains a number of interesting copper showings which your directors and consultants feel deserve further work.

On Behalf of the Board,

C. J. CUNNINGHAM-DUNLOP,  
President.

Toronto, Ontario,  
October 21st, 1968.

## Condensed Unaudited Balance Sheet as at September 30, 1968

A S S E T S		
Current:		
Cash in bank and short term deposits .....	\$ 707,431.60	
Accounts receivable and accrued interest ..	18,743.67	
Estimated metal settlements receivable ....	370,710.68	
Investment in marketable securities (with a quoted market value of \$103,146.25) .....	139,364.90	
Inventory of supplies .....	141,251.83	
Prepaid expense .....	9,148.54	\$1,386,651.22
Fixed Assets .....		1,022,639.87
Other Assets .....		742,042.43
		<u>\$3,151,333.52</u>

L I A B I L I T I E S		
Current:		
Payroll payable .....	\$ 20,553.87	
Accounts payable and accrued charges .....	85,063.96	\$ 105,617.83
Capital and Earned Surplus:		
Capital Authorized: 7,000,000 shares of \$1		
Issued: 4,983,656 shares .....	4,983,656.00	
Less: Discount .....	3,253,420.45	
	<u>1,730,235.55</u>	
Earned surplus to September 30, 1968 .....	1,315,480.14	3,045,715.69
		<u>\$3,151,333.52</u>

Statement of Profit and Loss for Year Ended September 30, 1968  
(with comparative figures for year ended September 30, 1967)

	1968	1967
Operating profit before deducting depreciation .....	\$ 133,716.89	\$ 249,690.09
Deduct: Depreciation .....	21,285.46	27,689.87
Net operating profit .....	<u>\$ 112,431.43</u>	<u>\$ 222,000.22</u>
Other income:		
Interest received .....	\$ 14,234.36	\$ 16,538.58
Dividends received .....	7,170.55	8,410.17
Profit on sale of securities .....	6,102.90	25,016.06
Profit on disposal of assets .....	—	1,125.00
	<u>\$ 27,507.81</u>	<u>\$ 51,089.81</u>
Profit before write-offs and taxes .....	\$ 139,939.24	\$ 273,090.03
Deduct deferred development written off .....	127,070.78	92,520.66
Net profit before taxes .....	<u>\$ 12,868.46</u>	<u>\$ 180,569.37</u>

NOTE: This statement is subject to any exploration write-offs that may be made by the Auditors.

The Mining Editor,  
The Globe and Mail,  
King and York Streets,  
TORONTO, Ontario.

